

## **Idaho Public Utilities Commission**

Case No. INT-G-13-05, Order No. 32897

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### **Intermountain Gas increase is first in five years**

For the first time in five years, customers of Intermountain Gas Company will be receiving an increase in the variable portion of rates they pay for natural gas.

The annual Purchased Gas Cost Adjustment (PGA) mechanism adjusts rates up or down to account for the always changing costs of natural gas supply, transportation and storage.

The Idaho Public Utilities Commission approved the company's application to increase rates an average 4.15 percent effective Oct. 1. For a customer who uses natural gas for space and water heating the increase is about \$1.85 per month and for customers who use natural gas for space heating only the average monthly increase is 68 cents. For commercial customers, the increase is about \$14.18 per month. The money Intermountain Gas collects for the surcharge can go only toward meeting gas supply and related expense. The surcharge does not increase company earnings.

It's the first time since 2008 the PGA has been an increase. In 2012, the decrease was 7.1 percent; in 2011, 5.3 percent; in 2010, 1.6 percent and in 2009, 22.2 percent. The PGA surcharge or credit lasts one year and is updated typically Oct. 1. There can be other adjustments during the year if costs change significantly.

The increase this year is primarily due to an increase in transportation costs billed the company by the Northwest Pipeline and an increase in the weighted average cost of gas. Recent improvements in the economy and increased use of natural gas-fired electric generation have increased demand and driven up costs for natural gas, despite increased production from shale gas reserves. Even with the increase, the PGA portion of gas rates are still 49 percent lower than in 2005.

About half of a customer's monthly bill is the variable, PGA portion of rates that change due to wholesale market, transportation and storage costs. With the increase effective Oct. 1, customers who use natural gas for both space and water heating will pay 73 cents per therm in April through November and 69.8 cents from December through March. Of that amount, 37.3 cents is the variable portion, or weighted average cost of gas.

Intermountain Gas serves about 320,000 customers in 74 communities throughout southern Idaho.